

CAMDEN TOWNSHIP
HILLSDALE COUNTY, MICHIGAN

AUDIT REPORT

MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF CAMDEN	County HILLSDALE
Audit Date 3/31/05	Opinion Date 11/8/05	Date Accountant Report Submitted to State: 11/21/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAILEY, HODSHIRE & COMPANY, PC			
Street Address 479 E CHICAGO ST PO BOX 215		City JONESVILLE	State MI
Accountant Signature 		ZIP 49250	Date 11-21-05

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**Bailey, Hodshire
& Company, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and
Members of the Township Board
Township of Camden
Camden, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Camden as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The scope of our examination did not include verification of the fund balance and net assets at April 1, 2004. Therefore, we are unable to express an opinion on the accompanying statements of fund balance and net assets.

In our opinion, except for the effect on the financial statements of the items referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Camden, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 20 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Camden's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Bailey, Hodshire + Company, P.C.

November 8, 2005
Jonesville, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAMDEN TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of Camden Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Camden Township for the fiscal year ended March 31, 2005. As stated in Note 1 to the financial statements, the Township is implementing the requirements of GASB 34 in this year's audit. Certain required comparative information between the current year and the prior year is being omitted from this presentation as allowed by GASB 34 in the first year of implementation. Subsequent reports will include the comparative information.

Financial Highlights

- The assets of Camden Township exceeded its liabilities at the close of the most recent fiscal year by \$390,647. Of this amount, \$236,373 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, the Township's governmental funds reported combined ending fund balance of \$236,373, a decrease of \$20,991 in comparison with the prior year. The majority of this amount is available for spending at the Township's discretion (\$16,015 has been designated for cemetery).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$198,051, or 117% of total general fund expenditures.
- The Township had no debt outstanding as of March 31, 2005.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Camden Township's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The *statement of net activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) - - general government, public safety, public works, culture and recreation. The Township has no **business-type activities** - - functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 7 - 8 of this report.

CAMDEN TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Camden Township, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Township can be divided into two categories: governmental funds and fiduciary funds:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Camden Township maintains three individual governmental funds - - General Fund, Library Fund, and Fire Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for all three funds, all of which are considered to be major funds. There are no nonmajor funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs.

The basic fund financial statements can be found on pages 9 - 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 - 19 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's budgets. The Township adopts annual appropriations budgets for all of its governmental funds. Budgetary comparison statements have been provided on pages 20 - 23 to demonstrate compliance with these budgets.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As shown in Table I below, the Township's assets exceeded its liabilities by \$390,647 at the close of the most recent fiscal year.

A large portion of the Township's net assets (39.5%) reflects its investment in capital assets (e.g. land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

CAMDEN TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 1 - NET ASSETS

Assets:	
Current Assets	\$ 264,097
Capital Assets	<u>154,274</u>
Total Assets	<u>\$ 418,371</u>
Liabilities:	
Current Liabilities	\$ 27,724
Long-term Liabilities	<u>0</u>
Total Liabilities	<u>\$ 27,724</u>
Net Assets:	
Invested in Capital Assets, net of related debt	\$ 154,274
Restricted	0
Unrestricted	<u>236,373</u>
Total Net Assets	<u>\$ 390,647</u>

Restricted net assets represents resources that are subject to external restrictions on how they may be used. The Township has no restricted net assets. The remaining balance of *unrestricted net assets* (\$236,373) may be used to meet the Township's ongoing obligations to citizens and creditors. At the end of the fiscal year, the Township was able to report positive balances in all three categories of net assets. The Township's net assets increased by \$9,723 as discussed shown in Table 2 below.

TABLE 2 - CHANGE IN NET ASSETS

Program Revenue:	
Charges for services	\$ 27,900
Operating grants and contributions	8,808
General Revenue:	
Property taxes	90,395
State shared revenue	76,585
Penal fines allocation	19,170
Other	<u>16,293</u>
Total Revenue	<u>\$ 239,151</u>
Expenses:	
General Government	\$ 71,623
Public Safety	27,724
Highways & Streets	75,000
Sanitation	4,988
Culture & Recreation	<u>50,093</u>
Total Expenses	<u>\$ 229,428</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 9,723</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

CAMDEN TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$236,373, a decrease of \$20,991 in comparison with the prior year. The majority of this fund balance is *unreserved*, which indicated that is available for spending at the Township's discretion (the Township Board has *designated* \$16,015 of this total for cemetery purposes).

The general fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance of the general fund was \$198,051. Unreserved fund balance represents 117% of total general fund expenditures. The fund balance of the Township's general fund decreased by \$19,026 during the fiscal year. The key factor for this decrease in fund balance was the purchase of the new township hall, along with related painting, carpeting, signs, cabinets, furniture, and computer equipment.

General Fund Budgetary Highlights

During the fiscal year ended March 31, 2005, the Township amended the budget once during the year. The main reasons for the amendments were the acquisition of the new township hall and the related improvements and utility costs, along with unanticipated election expenses for workers and publishing.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets as of March 31, 2005 amounts to \$154,274 (net of accumulated depreciation). This investment in capital assets includes: land, buildings & improvements, furniture & equipment, and the library collection. Major capital asset events during the year included the purchase of the new township hall and automation equipment at the library. Details of the Township's capital assets are continued in the notes to the financial statements on page 17.

Long-term debt. The Township had no long-term debt outstanding at March 31, 2005.

Economic Factors and Next Year's Budgets and Rates

The budget for 2005-06 should remain more or less the same. Utilities will be somewhat higher as the new township hall will be in operation for a full year and the cost of fuel has increased substantially.

The Township Board is currently looking for 3 to 5 acres of vacant land to purchase for a new cemetery. Cost of the land acquisition should not exceed \$20,000.

Requests for Information

This report is designed to provide a general overview for all those with an interest in the Camden Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Camden Township Board, PO Box 71, Camden, MI 49232.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF CAMDEN
STATEMENT OF NET ASSETS
MARCH 31, 2005

ASSETS

Cash & investments	\$ 175,766
Taxes receivable	88,331
Capital assets - net	<u>154,274</u>
Total assets	<u>\$ 418,371</u>

LIABILITIES

Accounts payable	<u>\$ 27,724</u>
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NET ASSETS

Investment in capital assets, net of related debt	\$ 154,274
Unrestricted	<u>236,373</u>
Total net assets	<u>\$ 390,647</u>
Total liabilities and net assets	<u>\$ 418,371</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF CAMDEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government	\$ 71,623	\$ 20,861	\$ 0	\$ 0	\$ (50,762)
Public Safety	27,724	0	0	0	(27,724)
Highways & Streets	75,000	0	0	0	(75,000)
Sanitation	4,988	7,039	0	0	2,051
Culture & Recreation	<u>50,093</u>	<u>0</u>	<u>8,808</u>	<u>0</u>	<u>(41,285)</u>
Total	<u>\$ 229,428</u>	<u>\$ 27,900</u>	<u>\$ 8,808</u>	<u>\$ 0</u>	<u>\$(192,720)</u>

General Revenues:

Property tax, levied for general purposes	\$ 31,506
Property tax, levied for library services	31,165
Property tax, levied for fire protection	27,724
State shared revenue	76,585
Penal fines allocation	19,170
Unrestricted investment earnings	1,982
Other	<u>14,311</u>

Total General Revenues \$ 202,443

Change in Net Assets \$ 9,723

Net Assets - Beginning 380,924

Net Assets - Ending \$ 390,647

The accompanying notes are an integral part of this statement.

TOWNSHIP OF CAMDEN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	General Fund	Library Fund	Fire Fund	Total Governmental Funds
ASSETS				
Cash & investments	\$ 159,582	\$ 16,184	\$ 0	\$ 175,766
Taxes receivable	6,502	4,776	4,249	15,527
Due from other funds	<u>47,982</u>	<u>1,347</u>	<u>23,475</u>	<u>72,804</u>
Total assets	<u>\$ 214,066</u>	<u>\$ 22,307</u>	<u>\$ 27,724</u>	<u>\$ 264,097</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 0	\$ 0	\$ 27,724	\$ 27,724
Fund Equity:				
Fund Balance				
Reserved	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved				
Undesignated	198,051	22,307	0	220,358
Designated for cemetery	<u>16,015</u>	<u>0</u>	<u>0</u>	<u>16,015</u>
Total fund equity	<u>\$ 214,066</u>	<u>\$ 22,307</u>	<u>\$ 27,724</u>	<u>\$ 236,373</u>
Total liabilities and fund equity	<u>\$ 214,066</u>	<u>\$ 22,307</u>	<u>\$ 27,724</u>	<u>\$ 264,097</u>

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to the Net Assets of Governmental Activities on the Statement of Net Assets

Fund Balances - total governmental funds	\$ 236,373
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital assets	283,031
Deduct: Accumulated depreciation	<u>(128,757)</u>
Net assets of governmental activities	<u>\$ 390,647</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF CAMDEN
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2005

	General Fund	Library Fund	Fire Fund	Total Governmental Funds
REVENUE				
Property taxes	\$ 31,506	\$ 31,165	\$ 27,724	\$ 90,395
Administration fees	16,379	0	0	16,379
State shared revenue	76,585	0	0	76,585
Penal fines allocation	0	19,170	0	19,170
Solid waste fees	7,039	0	0	7,039
Cemetery fees	4,482	0	0	4,482
State & local governments	0	6,902	0	6,902
Donations	0	1,906	0	1,906
Interest	1,943	39	0	1,982
Miscellaneous	<u>14,311</u>	<u>0</u>	<u>0</u>	<u>14,311</u>
Total revenue	<u>\$ 152,245</u>	<u>\$ 59,182</u>	<u>\$ 27,724</u>	<u>\$ 239,151</u>
EXPENDITURES				
General government	\$ 70,583	\$ 0	\$ 0	\$ 70,583
Public safety	0	0	27,724	27,724
Highways and streets	75,000	0	0	75,000
Sanitation	4,988	0	0	4,988
Recreation and culture	0	47,489	0	47,489
Capital outlay	<u>18,700</u>	<u>15,658</u>	<u>0</u>	<u>34,358</u>
Total expenditures	<u>\$ 169,271</u>	<u>\$ 63,147</u>	<u>\$ 27,724</u>	<u>\$ 260,142</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (17,026)</u>	<u>\$ (3,965)</u>	<u>\$ 0</u>	<u>\$ (20,991)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	\$ 4,000	\$ 6,000	\$ 0	\$ 10,000
Operating transfers - out	<u>(6,000)</u>	<u>(4,000)</u>	<u>0</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>\$ (2,000)</u>	<u>\$ 2,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (19,026)</u>	<u>\$ (1,965)</u>	<u>\$ 0</u>	<u>\$ (20,991)</u>
FUND BALANCES - April 1, 2004	<u>233,092</u>	<u>24,272</u>	<u>0</u>	<u>257,364</u>
FUND BALANCES - March 31, 2005	<u>\$ 214,066</u>	<u>\$ 22,307</u>	<u>\$ 0</u>	<u>\$ 236,373</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF CAMDEN
Reconciliation of Statement of Revenue, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Net changes in fund balances - total governmental funds \$ (20,991)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	36,837
Deduct: depreciation expense	<u>(6,123)</u>

Change in net assets of governmental activities	<u>\$ 9,723</u>
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The accompanying notes are an integral part of this statement.

TOWNSHIP OF CAMDEN
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
MARCH 31, 2005

ASSETS

Cash

\$ 109,416

LIABILITIES

Due to other funds

\$ 72,804

Due to other governments

36,612

Total liabilities

\$ 109,416

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Camden is located in Hillsdale County, Michigan, and comprises a population of approximately 1,152 residents. It is governed by a board consisting of 5 members with a supervisor as its head.

The accounting policies of the Township of Camden conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In June, 1999, the GASB approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time, the financial statements include:
A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Township's activities, including fixed assets (buildings, equipment, vehicles, etc.)
- A change in the fund financial statements to focus on major funds.

The Township has elected to implement the provisions of the Statement in the current year; therefore, these and other changes are reflected in the accompanying financial statements and notes to the financial statements.

The following is a summary of significant accounting policies used by the Township of Camden:

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Property taxes, state shared revenue, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds (if any) are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus and Basis of Accounting

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is to be collected with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

Under the modified accrual basis, property taxes, state share revenue, interest, and grants are considered to be both measurable and available at fiscal year-end. All other revenue items are considered to be available only when cash is received by the Township.

Financial Statement Presentation

The Township uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Township reports the following major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Township reports the following fund types:

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Assets, Liabilities, and Net Assets

Bank Deposits and Investments - Cash and investments are reported at cost.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of \$2,000. The Township does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	50 years
Furniture & Equipment	5 - 10 years
Library Collection	10 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net assets.

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Township Board at the line-item level. Any budgetary modifications may only be made by resolution of the Township Board. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to March 31, the Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
- 2) A public hearing is conducted during March to obtain taxpayer comments.
- 3) Prior to March 31, the budget is legally enacted through passage of a resolution.
- 4) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Maintenance	\$ 3,000	\$ 3,682	\$ 682
	Abated taxes	50	234	184
	Roads	64,706	73,175	8,469
	Capital outlay	4,000	18,700	14,700
	Transfers to other funds	3,000	6,000	3,000
Library	Payroll taxes	0	2,270	2,270
	Utilities	2,500	2,805	305
	Phone/Internet	1,150	1,152	2
	Office supplies	2,000	3,050	1,050
	Training	500	1,088	588
	Books	5,000	5,422	422
	State Aid	1,600	1,863	263
	Insurance	600	1,639	1,039
	Audit	0	200	200
	Capital outlay/Automation	15,000	15,658	658
	Transfers to other funds	2,900	4,000	1,100
Fire	Fire contracts	24,311	27,724	3,413

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 3 - DEPOSITS AND INVESTMENTS

Following are the components of the Township's bank deposits at March 31, 2005:

Checking Accounts	\$ 1,881
Savings Accounts	103,886
Certificates of Deposit	<u>69,999</u>
Total	<u>\$ 175,766</u>

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). At March 31, 2005, the carrying amount of the Township's deposits was \$175,766 and the bank balance was \$309,445. Of the bank balance, \$100,000 was covered by federal depository insurance and \$209,445 was uninsured.

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of March 31, 2005, the Township's deposits are in accordance with statutory authority.

NOTE 4 - RECEIVABLES

Receivables at March 31, 2005, consist solely of property taxes and are considered collectible in full due to the County's policy for reimbursing delinquent taxes.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2004, is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 47,982	Tax Collection Fund	\$ 47,982
Library Fund	1,347	Tax Collection Fund	1,347
Fire Fund	<u>23,475</u>	Tax Collection Fund	<u>23,475</u>
	<u>\$ 72,804</u>		<u>\$ 72,804</u>

Interfund transfers during the year consisted of the following:

Transfer from General Fund to Library Fund	6,000
Transfer from Library Fund to General Fund	4,000

The transfers from General Fund to Library Fund were contributions for general operations. The transfers from Library Fund to General Fund were for building rent and administrative services.

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 2,425	\$ 2,000	\$ 0	\$ 4,425
Capital assets being depreciated				
Buildings & Improvements	\$ 33,300	\$ 16,700	\$ 0	\$ 50,000
Furniture & Equipment	2,000	12,192	0	14,192
Library Collection	<u>208,469</u>	<u>5,945</u>	<u>0</u>	<u>214,414</u>
Subtotal	<u>\$ 243,769</u>	<u>\$ 34,837</u>	<u>\$ 0</u>	<u>\$ 278,606</u>
Less accumulated depreciation for				
Buildings & Improvements	\$ (18,000)	\$ (640)	\$ 0	\$ (18,640)
Furniture & Equipment	(400)	(2,041)	0	(2,441)
Library Collection	<u>(104,234)</u>	<u>(3,442)</u>	<u>0</u>	<u>(107,676)</u>
Subtotal	<u>\$(122,634)</u>	<u>\$ (6,123)</u>	<u>\$ 0</u>	<u>\$ (128,757)</u>
Total capital assets being depreciated, net	<u>\$ 121,135</u>	<u>\$ 28,714</u>	<u>\$ 0</u>	<u>\$ 149,849</u>
Total capital assets, net	<u>\$ 123,560</u>	<u>\$ 30,714</u>	<u>\$ 0</u>	<u>\$ 154,274</u>

Depreciation expense was charged to functions/programs of the Township as follows:

General Government	\$ 1,040
Culture & Recreation	<u>5,083</u>
	<u>\$ 6,123</u>

NOTE 7 - PROPERTY TAXES

Real estate and personal property taxes are recorded as revenue in an amount equal to the total taxes levied. There are no provisions made for possible uncollectible taxes. The total levy for 2004 was .7498 mills for general operations .6598 mills for fire protection, and .7417 for library services on a total state taxable valuation of approximately \$42,500,000. The Township properties are assessed as of December 31 (the lien date), taxes levied December 1 of the succeeding year and due without interest to March 1. After March 1, the delinquent taxes real portion are turned over to the County Treasurer for collection. The personal properties continue to be collectible by the Township Treasurer.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents), workers compensation, and other appropriate coverages. There has been no significant reduction in insurance coverages, and settled claims have not exceeded the amount of insurance coverage in any of the past 3 years.

TOWNSHIP OF CAMDEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 9 - UNEMPLOYMENT TAXES

The Township is a reimbursing employer to the Michigan Unemployment Agency and as such is responsible to pay the Agency for those benefits paid and charged to its account. As of March 31, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

NOTE 10 - RESTATEMENTS

As of and for the year ended March 31, 2005, the Township implemented the following Governmental Accounting Standards Board pronouncements:

Statements

No. 33 - *Accounting and Financial Reporting for Nonexchange Transactions*

No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*

No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues - An Amendment of GASB No. 33*

No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*

No. 38 - *Certain Financial Statement Disclosures*

Interpretations

No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

As a result of implementing these pronouncements for the year ended March 31, 2005, the following restatements were made to the beginning fund balance and net asset accounts:

Fund Balances of General and Special Revenue Funds as of March 31, 2004	\$ 257,364
Add: governmental capital assets, including land and buildings as of March 31, 2004	246,194
Deduct: accumulated depreciation as of March 31, 2004, on the above governmental assets	(122,634)
Governmental net assets, restated, as of March 31, 2004	<u>\$ 380,924</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF CAMDEN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning fund balance	\$ 81,430	\$ 81,430 .	\$ 233,092	\$ 151,662
Resources (inflows)				
Property taxes	32,500	32,500	31,506	(994)
Administration fees	8,500	8,500	16,379	7,879
State shared revenue	78,186	78,186	76,585	(1,601)
Solid waste fees	7,000	7,000	7,039	39
Cemetery fees	2,750	2,750	4,482	1,732
Interest	1,500	1,500	1,943	443
Miscellaneous	18,289	18,289	14,311	(3,978)
Transfers from other funds	<u>2,900</u>	<u>2,900</u>	<u>4,000</u>	<u>1,100</u>
Amounts available for appropriation	<u>\$ 233,055</u>	<u>\$ 233,055</u>	<u>\$ 389,337</u>	<u>\$ 156,282</u>
Charges to appropriations (outflows)				
General government				
Trustees	\$ 2,400	\$ 2,400	\$ 2,400	\$ 0
Office	10,000	5,800	4,714	(1,086)
Dues	800	800	790	(10)
Legal fees	500	500	0	(500)
Payroll taxes	2,368	2,368	2,337	(31)
Insurance	3,300	3,300	3,032	(268)
Training	3,200	3,200	1,956	(1,244)
Telephone	350	350	296	(54)
Mileage	1,000	1,000	693	(307)
Auditor	2,300	2,300	2,000	(300)
Publishing	325	715	500	(215)
Office rent	1,500	810	810	0
Utilities	0	1,000	805	(195)
Maintenance	3,000	3,000	3,682	682
Supervisor	6,900	6,900	6,900	0
Treasurer	9,600	9,600	9,550	(50)
Tax bills	3,500	3,500	3,270	(230)
Abated taxes	50	50	234	184
Clerk	7,900	7,900	7,500	(400)
Assessor	11,000	11,000	10,933	(67)
Board of Review	780	780	70	(710)
Election	0	1,500	1,098	(402)
Cemetery	5,225	5,225	4,795	(430)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>2,218</u>	<u>(782)</u>

TOWNSHIP OF CAMDEN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance With Amended <u>Budget</u>
Public Works				
Roads	64,706	64,706	73,175	8,469
Drains	2,500	2,500	1,825	(675)
Sanitation	5,880	5,880	4,988	(892)
Capital outlay	2,000	4,000	18,700	14,700
Transfers to other funds	3,000	3,000	6,000	3,000
Contingency	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>(7,000)</u>
Total charges to appropriations	<u>\$ 164,084</u>	<u>\$ 164,084</u>	<u>\$ 175,271</u>	<u>\$ 11,187</u>
Ending fund balance	<u>\$ 68,971</u>	<u>\$ 68,971</u>	<u>\$ 214,066</u>	<u>\$ 145,095</u>

TOWNSHIP OF CAMDEN
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning fund balance	\$ 10,000	\$ 10,000	\$ 24,272	\$ 14,272
Resources (inflows)				
Property taxes	\$ 30,000	\$ 30,000	\$ 31,165	\$ 1,165
Penal fines allocation	18,000	18,000	19,170	1,170
State and local governments	4,300	4,300	6,902	2,602
Donations	1,500	1,500	1,906	406
Interest	100	100	39	(61)
Miscellaneous	400	400	0	(400)
Transfers from other funds	<u>4,500</u>	<u>4,500</u>	<u>6,000</u>	<u>1,500</u>
Amounts available for appropriation	<u>\$ 68,800</u>	<u>\$ 68,800</u>	<u>\$ 89,454</u>	<u>\$ 20,654</u>
Charges to appropriations (outflows)				
Library Services				
Salaries	\$ 27,018	\$ 27,018	\$ 26,333	\$ (685)
Payroll taxes	0	0	2,270	2,270
Utilities	2,500	2,500	2,805	305
Phone/Internet	1,150	1,150	1,152	2
Office supplies	2,000	2,000	3,050	1,050
Training	500	500	1,088	588
Books	5,000	5,000	5,422	422
Audio/video	1,000	1,000	523	(477)
Magazines/newspapers	1,000	1,000	496	(504)
Mileage	500	500	289	(211)
Software	1,000	1,000	121	(879)
State Aid	1,600	1,600	1,863	263
Maintenance	1,000	1,000	238	(762)
Insurance	600	600	1,639	1,039
Audit	0	0	200	200
Capital outlay/Automation	15,000	15,000	15,658	658
Transfers to other funds	<u>2,900</u>	<u>2,900</u>	<u>4,000</u>	<u>1,100</u>
Total charges to appropriations	<u>\$ 62,768</u>	<u>\$ 62,768</u>	<u>\$ 67,147</u>	<u>\$ 4,379</u>
Ending fund balance	<u>\$ 6,032</u>	<u>\$ 6,032</u>	<u>\$ 22,307</u>	<u>\$ 16,275</u>

TOWNSHIP OF CAMDEN
BUDGETARY COMPARISON SCHEDULE
FIRE FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning fund balance	\$ 0	\$ 0	\$ 0	\$ 0
Resources (inflows)				
Property taxes	<u>24,311</u>	<u>24,311</u>	<u>27,724</u>	<u>3,413</u>
Amounts available for appropriation	\$ 24,311	\$ 24,311	\$ 27,724	\$ 3,413
Charges to appropriations (outflows)				
Public Safety				
Fire contracts	<u>24,311</u>	<u>24,311</u>	<u>27,724</u>	<u>3,413</u>
Ending fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

TOWNSHIP OF CAMDEN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2005

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Maintenance	\$ 3,000	\$ 3,682	\$ 682
	Abated taxes	50	234	184
	Roads	64,706	73,175	8,469
	Capital outlay	4,000	18,700	14,700
	Transfers to other funds	3,000	6,000	3,000
Library	Payroll taxes	0	2,270	2,270
	Utilities	2,500	2,805	305
	Phone/Internet	1,150	1,152	2
	Office supplies	2,000	3,050	1,050
	Training	500	1,088	588
	Books	5,000	5,422	422
	State Aid	1,600	1,863	263
	Insurance	600	1,639	1,039
	Audit	0	200	200
	Capital outlay/Automation	15,000	15,658	658
Fire	Transfers to other funds	2,900	4,000	1,100
	Fire contracts	24,311	27,724	3,413

OTHER SUPPLEMENTARY INFORMATION

TOWNSHIP OF CAMDEN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
ASSETS				
Cash	<u>\$ 159,328</u>	<u>\$ 1,020,873</u>	<u>\$ 1,070,785</u>	<u>\$ 109,416</u>
LIABILITIES				
Due to Other Funds	\$ 142,522	\$ 98,514	\$ 168,232	\$ 72,804
Due to County	14,141	462,330	476,017	454
Due to Schools	2,665	318,992	296,578	25,079
Due to I.S.D.	0	138,234	129,958	8,276
Due to Camden Village L.D.F.A.	<u>0</u>	<u>2,803</u>	<u>0</u>	<u>2,803</u>
	<u>\$ 159,328</u>	<u>\$ 1,020,873</u>	<u>\$ 1,070,785</u>	<u>\$ 109,416</u>

The accompanying notes are an integral part of this statement.

Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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November 8, 2005

To the Supervisor and
Members of the Township Board
Township of Camden

In connection with our audit of the Township of Camden for the year ended March 31, 2005, we would like to make the following comments and recommendations:

1. We were pleased to observe that several of our recommendations from the last audit were implemented during the year.
2. There were a few accounts that had expenditures in excess of budgeted amounts, which is a violation of State budgeting laws. The Board should continue to monitor the budgets throughout the year to prevent any over-expenditure.
3. There were amounts remaining in the tax collection fund at year-end that were due to various governmental units. Most of these were distributed correctly in May, 2005; however, there are still some amounts due to the local school districts that should be distributed.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

Bailey, Hodshire + Company, P.C.
Bailey, Hodshire & Company, P.C.
Certified Public Accountants